

STATE OF MONTANA STANDARD LEASE CONTRACT 9-98

1. PARTIES

This lease #6426 is entered into this 12th day of August, 1999, by and between the Montana Department of Corrections, located at 1539 11th Avenue, Helena, Montana 59620, hereinafter referred to as the "Department" and Vic Reichenbach, located at P.O. Box 50503, Billings Montana 59105, Tax ID #516-26-6913 hereinafter referred to as the "Contractor".

2. PURPOSE OF LEASE

The Department has a need to lease premises in Billings, Montana, for the purpose of Probation and Parole office space. The Contractor will build to suit a building for lease in Billings, Montana, suitable for stated purpose. The Contractor and the Department therefore agree as follows:

3. PREMISES DESCRIPTION

The space is located at 317 South 27th Street, Billings Montana. The site plan for this building is attached hereto and made a part hereof by reference as Exhibit A.

The area of space being leased consists of 14,078 square feet as further detailed in the floor design described as Exhibit B, attached hereto and made a part hereof by reference.

4. TERM OF LEASE

The term of this lease shall be fifteen (15) years, originating on the first day of occupancy (that is scheduled for October 31, 1999), and terminating on the 31st day of October, 2014, unless earlier terminated as provided in Sections 14, 20 or 22 of this lease.

The Department shall take occupancy only after inspection and approval of the building by the Department and the Leasing Officer of the Department of Administration.

5. CONSIDERATION

The annual amount of rent the Department shall pay to the Contractor during the first year is \$137,823.62, payable in equal monthly installments of \$11,485.30. This reflects a rate of \$9.79 per square foot per year.

Beginning on November 1, 2000, and every November 1 thereafter during the term of this lease, the lease rate shall increase by 3% per annum accumulative.

After receiving a completed invoice addressed to the Montana Department of Corrections, located at 1539 11th Avenue, Helena, Montana 59620, at the beginning of each month, these charges will be paid.

6. RENEWAL OPTION

The Department shall retain the option to renew this lease for a period of up to two (2) five (5) year renewal periods upon its termination with the same terms and provisions as contained in this lease. The first renewal period rate shall be the fifteenth year lease rate plus 3% and increase by 3% per year accumulatively every year thereafter during the renewal period. The second renewal period rate shall be the fifth year renewal rate plus 3% and increase by 3% per year accumulatively every year thereafter during the renewal period. The Department shall notify Contractor of their intent to renew this lease at least ninety (90) days prior to the expiration of the original term of this lease.

All lease renewals are subject to prior approval by the Department of Administration as provided in section 26.

7. UTILITIES AND SERVICES

The Contractor shall furnish and pay all utilities, garbage, water/sewer, lawn maintenance, pest control and janitorial service as further detailed in Exhibit C, attached hereto and made a part hereof by reference.

The Department shall be responsible for providing and connecting the wiring for data and telecommunications.

The Contractor shall be responsible for the conduit and boxes for said data and telecommunications.

8. PARKING SPACE

Contractor agrees to provide at a minimum, fifty five (55) parking spaces, including the requisite number of handicapped spaces in compliance with the American With Disabilities Act as part of the leased premises at no additional charge or cost to the Department.

9. PARKING AREA AND SIDEWALK MAINTENANCE

Contractor agrees to keep the parking area and sidewalks in good repair, and to timely remove snow and ice from the parking area and sidewalks. For purposes of this lease, timely shall mean 8:00 AM.

10. NOTICE PROTOCOL

Any notice or demand required or permitted to be given under this lease must be in writing. Written notice shall be deemed given when hand delivered, or when mailed by first class mail, postage prepaid, to the addresses specified in this section.

The Contractor's address for purpose of receiving demand or notice is Vic Reichenbach, located at P.O. Box 50503, Billings Montana 59105.

The Contractor's representative for purposes under this lease is Vic Reichenbach, telephone (406) 259-6151.

The Department's address for the purpose of receiving notice is Montana Department of Corrections, located at 1539 11th Avenue, Helena, Montana 59620.

The Department's representative for purposes under this lease is Pam Bunke, telephone (406) 248-3611.

If either party changes its address or contact person, it must notify the other party in writing at the address provided in this section.

11. QUIET ENJOYMENT

The Department has the right to quiet and peaceful enjoyment and utilization of the leased premises for the term of this lease upon paying the rents as provided and upon Department adherence to performance conditions set forth by and in this lease.

12. INSPECTION

The Department shall permit upon prior notice, the Contractor or its agent to enter into and upon the premises at all reasonable times to maintain or inspect the building in which the leased premises are located or to make repairs, alterations or additions to any portion of the building, including, but not limited to, the erection and maintenance of scaffolding, canopies, fences, or props as may be needed.

13. MAINTENANCE OF PREMISES

Contractor shall, at its own cost and expense, keep and maintain in good working order and repair during the term of this lease or any extension thereof, the exterior of the premises including the roof, the interior, all fixtures in the building except those owned by the Department, and all plumbing, heating, ventilation, air conditioning, and electrical circuits. The Contractor, at its own cost and expense shall be responsible for the replacement of light bulbs, florescent tubes and other lighting elements and shall do so within 7 working days after notification.

The Department shall notify the Contractor in writing immediately of any damage or need for repair. Contractor shall make or cause to be made the necessary repairs as soon as possible after receiving notice. The Department shall be financially responsible only in cases of damages resulting from the Department's negligence or that of its employees.

Should the Contractor fail to make or begin to make necessary repairs within thirty (30) days after U. S. Postal Service postmark of written notification of damages by the Department to the Contractor, the Department may then make necessary repairs at the Contractor's expense at the lowest reasonable cost.

An itemized statement of repairs made by the Department under this section, including receipt verification of labor and materials may be tendered in lieu of full or partial payment of rent due for the succeeding months until the cost of the work performed is fully credited against rent due under this lease.

14. CASUALTY OR FIRE DAMAGE

In the event the leased premises becomes twenty-five percent (25%) or more destroyed or made uninhabitable by fire or other casualty, or if the premises are condemned by a proper authority, this lease may be terminated by the Department.

If the premises are less than twenty-five percent (25%) destroyed or made uninhabitable by fire or other casualty, the rent shall be reduced by the proportion the premises have been rendered uninhabitable or declared unsafe. For the purpose of this section, other casualty includes but is not limited to vandalism.

If the premises are not restored, or cannot be restored, and returned to proper condition for use and occupancy within thirty (30) days of the casualty, then either the Contractor or the Department may terminate this lease on ten (10) days written notice to the other party.

Upon written notice of termination under this section, the Contractor shall refund any unearned rent paid by the Department, and the Department shall have no further obligation to the Contractor under this lease. Contractor shall continue to insure the premises until Department's personal property is removed from the premises. The Department shall have 30 days after termination of this lease to remove its property from the premises.

15. ALTERATIONS TO PREMISES

The Department agrees to make no substantial alteration to the premises without the prior written consent of the Contractor.

16. SIGNS

The Contractor shall install on the exterior of the premises a suitable sign or signs, to the Department's satisfaction, to advertise the Department's presence in and on the premises.

17. HOLD HARMLESS AND INDEMNIFICATION CLAUSE

The Contractor agrees to protect, defend, and save the Department, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, and the Department, under this lease.

18. INSURANCE SPECIFICATIONS

a. Property

At its sole cost and expense, the contractor shall keep the building and all other improvements on the premises insured throughout the term of the agreement against the following hazards:

- Loss or damage by fire and such other risks (not including earthquake damage) in an amount sufficient to permit such insurance to be written at all times on a replacement costs basis. This may be insured against by attachment of standard form extended coverage endorsement to fire insurance policies.
- Loss or damage from leakage or sprinkler systems now or hereafter installed in any building on the premises.
- Loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage tanks, or similar apparatus now or hereafter installed in a building or buildings on the premises.

b. General Liability

- General Liability: the contractor shall purchase Occurrence coverage with combined single limits of \$1 million per occurrence/\$2 million aggregate per year for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit

is used, either the general aggregate limit shall apply separately to the project/location or the general aggregate limit shall be twice the required occurrence limit. The Contractor shall name the Department as an additional insured as respects general supervision, products, premises, access to the premise and completed operations. This insurance must be from an insurer licensed to do business in Montana or a domiciliary state and with a Best's rating of no less than A-. The Contractor must provide 30 days written notice to the state of any material change in coverage including cancellation and that the Department reserves the right to request copies of the Contractor's insurance coverage at any time.

The contractor's insurance coverage shall be primary insurance as respects the Department, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Department, its officers, officials, employees, or volunteers shall be excess of the contractor's insurance and shall not contribute with it.

19. COMPLIANCE WITH LOCAL, STATE AND FEDERAL LAWS

The Contractor must comply with all applicable state and federal law. This includes, but is not limited to, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age discrimination Act of 1975, the Americans with Disabilities Act of 1990, PL 101-336, and the Section 504 of the Rehabilitation Act of 1973.

The Contractor agrees to conform with all rules and regulations adopted under the Montana Safety Act and the Act itself. The Contractor further agrees to comply with the ordinances and laws of the City of Billings, and the State of Montana, affecting the use of the premises and to assume all legal responsibility for any charges or damages for non-observance.

The Contractor agrees to provide the Department of Administration, the Legislative Auditor, the Legislative Fiscal Analyst, or their authorized agents access to any records concerning this lease.

The Contractor agrees to create and retain all records supporting the services rendered or goods delivered for a period of three years after either the completion date of this lease or the conclusion of any claim, litigation or exception relating to this lease taken by the state of Montana or a third party.

20. ENVIRONMENTAL HAZARDS

The Contractor hereby represents and warrants that no leak, spill, release, discharge, emission or disposal of hazardous or toxic substances has occurred on the leased premises to date and that the soil and groundwater on or under the leased premises are free of toxic or hazardous substances as of the date that the term of this lease commences.

The Contractor represents and warrants that the leased space shall be free of all asbestos containing materials, except undamaged vinyl asbestos floor tile in the space or undamaged boiler or pipe insulation outside the space. Radon levels in the demised premises shall not equal or exceed the Environmental Protection Agency (EPA) action level for homes or 4 picocuries per liter (PCI/L).

If at any time, the Department determines that the demised premises poses a significant environmental hazard to its employees, this lease may be terminated with a minimum of thirty (30) days written notice.

21. HOLDOVER TENANCY

In the event the Department holds the premises beyond the terms of this lease, in the absence of a written agreement to the contrary, it shall be deemed a month-to-month tenancy subject to all terms and conditions of this lease. This holdover tenancy may be terminated at any time by either the Contractor or the Department by means of a 30-day written notice delivered prior to the beginning of the final month.

22. TERMINATION

The Contractor acknowledges, understands, and agrees that the Department, as a state agency, is dependent upon state and federal appropriations for its funding. In the event state or federal government funds available for this purpose are reduced, the Department may cancel this lease by giving thirty (30) days written notice to the Contractor.

The Department shall not be liable to the Contractor for any amount which would have been payable had the lease not been terminated under this provision. The Department shall be liable to the Contractor only for the amount owed to the Contractor up to the date the Department vacates the premises.

If either party to this lease defaults in the performance of any term or condition of this lease, the other party may give the defaulting party notice of the default, which notice shall specify the action required to correct the default and a period of time of not less than (30) days within which to correct the default. If the default is not corrected within the time specified in the notice, the party not in default may terminate this lease without further obligation under this lease, other than obligations incurred or accrued to the date of termination.

At the expiration or termination of this lease or any extension of it, the Department will vacate and surrender the premises to the Contractor in as good condition and repair as when it took possession, reasonable wear and tear excepted. All property and fixtures placed in the premises by the Department or owned by the State of Montana may be removed by the Department within thirty days of termination.

23. SEVERABILITY

It is understood and agreed by the parties hereto that if any term or provision of this lease is held to be illegal, void or in conflict with any Montana law, the validity of the remaining terms and conditions shall not be affected. The rights and obligations of the parties shall be construed and enforced as if this lease did not contain the particular term, condition, or provision held to be invalid.

24. VENUE AND INTERPRETATION

The Contractor and Department agree that this lease shall be governed and interpreted according to the laws of the State of Montana. In the event of a dispute arising over this lease, the proper venue for the hearing of the case is the District Court of the First Judicial District of the State of Montana, in and for the County of Lewis and Clark.

25. SUCCESSORS

All rights and liabilities herein given to or imposed upon both parties shall extend to, be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

26. LEASE APPROVAL

This entire lease, in addition to any change, alteration, or renewal thereof, addendum, amendment, or letter of understanding, is subject to prior approval by the Department of Administration.

27. ENTIRE LEASE

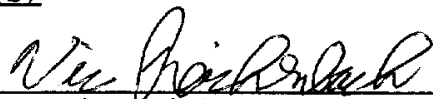
This contract consisting of nine (9) pages, sections 1 through 28, Exhibits A, B, and C, contain the entire contract between the Contractor and the Department. Any lease hereafter made shall not be effective to modify this lease unless such agreement is in writing and is signed by both parties to the original lease and the Department of Administration.

28. SUBLEASE

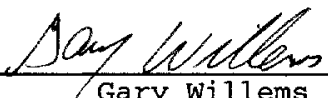
The Department shall have the right to sublet the premises to a Sublessee, with the consent of the Contractor, which consent shall not be unreasonably withheld.

IN WITNESS THEREOF, the Contractor and the Department have entered into and executed this lease:

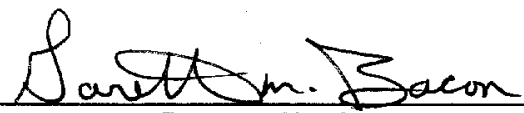
CONTRACTOR (S)

By:  9/8/99
Vic Reichenbach Date

DEPARTMENT

By:  8-20-99
Gary Willems Date

PRIOR APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

By:  8-12-99
Garrett M. Bacon Date
Leasing Officer

THIS LEASE HAS BEEN APPROVED FOR LEGAL CONTENT BY THE DEPARTMENT OF ADMINISTRATION'S LEGAL COUNSEL.

EXHIBIT C
JANITORIAL SPECIFICATIONS

All janitorial equipment and supplies necessary to accomplish the duties described will be furnished by the Contractor.

1. The janitorial supply list includes but is not limited to:
 - a. Hand towels and toilet tissue;
 - b. Restroom hand soap for dispensers;
 - c. Trash can liners; and
 - d. Entrance or walk-off mats.
2. Daily Requirements:
 - a. Floor sweeping and damp mopping all tiled areas.
 - b. Clean and sanitize plumbing fixtures, and toilet rooms (sinks, showers, toilets, mirrors, etc.)
 - c. Vacuum carpet, using industrial type vacuum cleaner with a power head in entrance area and hallways.
 - d. Remove all trash from building.
 - e. Cleaning supplies: re-stock toilet tissue, towels, soap, sanitary napkins, etc. in restrooms.
3. Weekly Requirements:
 - a. Complete dusting of all offices.
 - b. Vacuum all areas of carpeting.
 - c. Clean interior glass by each doorway.
4. Semi-annual Requirements: **(October and May)**.
 - a. Glass Cleaning - all external windows leased by the Department
 - b. Carpet Cleaning - all carpeted areas in space leased by the Department shall be cleaned using professional process carpet cleaning equipment.
 - c. Clean all light fixtures.
 - d. Pest Control by a licensed company.

AMENDMENT AND SUPPLEMENT TO LEASE

This Amendment and Supplement to Lease #6426 for space in Billings, Montana is made this 1st day of February, 2000, by and between the DEPARTMENT OF CORRECTIONS, hereinafter referred to as the DEPARTMENT and Vic Reichenbach, hereinafter referred to as the CONTRACTOR.

The purpose of this amendment is to establish the lease occupancy and termination dates. The lease occupancy date shall be February 1, 2000, and the termination date shall be January 31, 2015.

In all other respects, all of the terms, covenants and conditions of the original Lease #6426 existing between the Department and the Contractor dated August 12th, 1999 shall apply with full force and effect to the space therein demised, and the terms of said Lease as hereby amended and supplemented are hereby ratified and confirmed and shall otherwise remain in full force and effect between the parties.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE HEREUNTO DULY EXECUTED THESE PRESENTS THE DAY AND YEAR FIRST ABOVE WRITTEN;

Vic Reichenbach
CONTRACTOR

2/15/2000
DATE

Ray Smith
DEPARTMENT

2-14-00
DATE

Sarett M. Bacon
PRIOR APPROVAL BY
DEPARTMENT OF ADMINISTRATION

2-10-2000
DATE

2nd AMENDMENT AND SUPPLEMENT TO LEASE

This 2nd Amendment and Supplement to Lease #6426 for space in Billings, Montana is made this 7th day of July 2000, by and between the DEPARTMENT OF CORRECTIONS, hereinafter referred to as the DEPARTMENT and Vic Reichenbach, hereinafter referred to as the CONTRACTOR.

The purpose of this 2nd amendment is to establish the anniversary date as February 1, of each year for purposes of rent increases. This shall replace the date as stated in Section 5 of the original lease. The first anniversary for a rental increase shall be February 1, 2001.

In all other respects, all of the terms, covenants and conditions of the original Lease #6426 existing between the Department and the Contractor dated August 12th, 1999 and the Amendment and Supplement to Lease dated February 1, 2000, shall apply with full force and effect to the space therein demised, and the terms of said Lease as hereby amended and supplemented are hereby ratified and confirmed and shall otherwise remain in full force and effect between the parties.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE HEREUNTO DULY EXECUTED THESE PRESENTS THE DAY AND YEAR FIRST ABOVE WRITTEN;

CONTRACTOR

Vic Reichenbach
Vic Reichenbach

8/3/2000
DATE

DEPARTMENT

Gary D Willems
Gary Willems

7-11-00
DATE

**PRIOR APPROVAL BY
DEPARTMENT OF ADMINISTRATION**

Garett M. Bacon
Garett M. Bacon

7-7-2000
DATE

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3rd AMENDMENT AND SUPPLEMENT TO LEASE

This 3rd Amendment and Supplement to Lease ~~6426~~ for space in Billings, Montana is made this 26th day of April 2001, by and between the DEPARTMENT OF CORRECTIONS, hereinafter referred to as the DEPARTMENT and 27th STREET PARTNERSHIP, a Montana Partnership, hereinafter referred to as the CONTRACTOR.

The purpose of this 3rd amendment is to establish a new ownership/Contractor for said premise.
Effective immediately the new Contractor shall be:

27th Street Partnership, a Montana Partnership

PO Box 50503

Billings Mt. 59105

Tax ID# 81-0524759

This shall replace the Contractor information in the original lease.

Contact person shall be Todd Reichenbach

Phone # 406-860-3426 and 406-245-2316

This shall replace the Contact person information in Section 10 of the original lease.

In all other respects, all of the terms, covenants and conditions of the original Lease #6426 existing between the Department and the Contractor dated August 12th, 1999, the Amendment and Supplement to Lease dated February 1, 2000, and the 2nd Amendment and Supplement to lease dated July 7, 2000, shall apply with full force and effect to the space therein demised, and the terms of said Lease as hereby amended and supplemented are hereby ratified and confirmed and shall otherwise remain in full force and effect between the parties.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE HEREUNTO DULY EXECUTED THESE PRESENTS THE DAY AND YEAR FIRST ABOVE WRITTEN;

CONTRACTOR

Vic Reichenbach

5/4/01

Vic Reichenbach

DATE

CONTRACTOR

Todd Reichenbach

5-11-01

Todd Reichenbach

DATE

DEPARTMENT

Gary Willems

5-1-01

Gary Willems

DATE

PRIOR APPROVAL BY

DEPARTMENT OF ADMINISTRATION

Garett M. Bacon

4-26-2001

Garett M. Bacon

DATE